

## **COLLATERAL SECURITY AGREEMENT**

### **(For Nevada Public Deposits Secured Under Pooled Collateral Method)**

This **COLLATERAL SECURITY AGREEMENT** ("Agreement"), to accept and collateralize public funds deposits, is made and entered into on the date last herein written by and between the state of Nevada, acting through its Office of the State Treasurer ("Treasurer") and \_\_\_\_\_ ("Depository") with its principal place of business in \_\_\_\_\_.

**WHEREAS**, chapter 356 of the Nevada Revised Statutes (NRS) and chapter 356 of the Nevada Administrative Code (NAC) authorizes the Treasurer to enter into this Agreement, subject to the approval of the Nevada Board of Finance; and

**WHEREAS**, the Depository desires to act as a depository for public funds as described in NRS 356.360; and

**WHEREAS**, the Depository has certain types of bonds and/or securities ascribed to it in subsection 1 of NRS 356.360 (collectively "Collateral") which may be pledged for the benefit of the Treasurer with any insured state or national bank or insured state or federal credit union or savings and loan association other than the Depository or an affiliation thereof, as collateral to secure deposits of public funds with the Depository; and

**WHEREAS**, the Depository has or intends by agreement to transfer said Collateral to a third party depository (hereinafter referred to as "Custodian") pursuant to subsection 1 of NRS 356.360 which will accept and hold said Collateral in trust for the use and benefit of the Treasurer to secure deposits of public funds so deposited at the Depository; and

**WHEREAS**, the Treasurer oversees the program to monitor collateral as described in NRS 356.350; and

**WHEREAS**, this Agreement shall become effective on the date approved by the Nevada Board of Finance;

**NOW THEREFORE**, in consideration for the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

1. **Subject to Nevada Law.** All uninsured public funds on deposit shall be collateralized in accordance with the provisions of NRS chapter 356 and NAC chapter 356, and subsequent amendments thereof. To the extent any terms of this Agreement are inconsistent with the provisions of NRS chapter 356 or NAC chapter 356, the provision of NRS chapter 356 and NAC chapter 356 shall control.
2. **Depository Representations.** The Depository represents and warrants, as required by NRS chapter 356 and NAC chapter 356, it is an insured state or national bank or insured state or federal credit union or savings and loan association, with offices in

the state of Nevada. The Depository agrees to hold acceptable collateral authorized and approved in accordance with applicable Nevada law, including but not limited to NRS chapter 356 and NAC chapter 356, as the law currently exists and as may be amended from time to time.

3. **Approval.** The Depository represents that it is duly authorized and has the full right, power and authority to execute this Agreement and to pledge and grant a security interest with respect to the Collateral, by approval and resolution of its Board of Directors or Loan Committee, which approval and resolution is reflected in the minutes of a meeting of that body, certification of which is attached to this Agreement as **Exhibit A** and incorporated herein by this reference.
4. **Pledge of Collateral.** The Depository agrees to deliver and place Collateral with the Custodian pursuant to paragraph (1) of NAC 356.120 by agreement attached hereto as **Exhibit B** and incorporated herein by this reference. The Depository hereby further pledges and grants for the benefit of the Treasurer a continuing security interest in said Collateral placed with the Custodian to secure uninsured deposits of public funds held in the Depository pursuant to NRS chapter 356 and NAC chapter 356 under this Agreement, or in the case of book entry securities, instructing the Custodian to make the necessary book entries on the Custodian's books or causing the appropriate federal reserve bank Custodian to make such entries on its books and identifying the eligible Collateral as being pledged to the Treasurer. The Depository shall be entitled to income on any and all interest, dividends, distributions and sums distributed or payable from such Collateral, and all proceeds and profits of any of said Collateral, unless the Depository fails to pay any part of any public deposit on demand of the Treasurer. The Depository shall provide the Treasurer with evidence of pledged Collateral by reporting to the Treasurer as described in subsection 1(d) of NRS 356.360 and section 1 of NAC 356.140.
5. **Minimum Collateral.** At all times during the term of this Agreement, the Depository agrees:
  - a. To maintain on deposit with the Custodian, for the benefit of the Treasurer, acceptable Collateral having a fair market value that is at least 102 percent of the amount of the uninsured balances of the public money of the public depositor held by the Depository.
  - b. Should the Depository not maintain the minimum level of Collateral required to be held by the Custodian as described in paragraph (a), the Depository must pledge additional collateral to meet the requirements described in paragraph (a) on or before the close of market on the same business day that the Depository fails to maintain the minimum level of Collateral required by paragraph (a).
  - c. Depository agrees that at no time will the Depository hold public money in an amount exceeding the total equity of the Depository as reflected in the financial statements of the Depository.

6. **Ownership, Additions, Release or Substitution of Collateral.** The Depository represents and warrants that it is the owner of the Collateral and that such Collateral is and will remain free and clear of any and all security interests, liens and claims of any other person, except for the security interest and pledge granted in this Agreement to the Treasurer. The Depository shall be deemed to repeat such representation with respect to Collateral delivered in addition to or in substitution of the existing Collateral. The Depository shall have the right at any time, with prior written approval of the Treasurer, to substitute acceptable Collateral of equal or greater fair market value. No Collateral may be substituted when the substitution is less than the existing fair market value without written approval of the Treasurer. No Collateral may be released without written approval of the Treasurer.
7. **Maintenance of Collateral.** The Depository agrees to take all steps required by it under applicable law to create, maintain and perfect the Treasurer's security interest in the Collateral granted by this Agreement. The Depository agrees to execute any additional documents or take whatever other action is requested by the Treasurer to perfect and continue the Treasurer's security interest in the Collateral.
8. **Continuously Maintain Agreement.** The Depository agrees that it will immediately upon execution of this Agreement keep and continuously maintain an executed copy of this Agreement, the agreement provided for in paragraph 4 above, and such other customary writings and records sufficient to identify the Collateral which has been pledged to the Treasurer.
9. **Termination.** This Agreement shall continue in full force and effect for as long as the Depository holds deposits of public funds that are required to be collateralized as described in NRS 356.360. Notwithstanding the foregoing, either party may terminate its participation under this Agreement for any reason by giving written notification of termination to the other. Termination becomes effective ninety (90) days after the date the non-terminating party receives such written notice of termination.
10. **Successors and Assigns.** This Agreement is continuing and binding upon the Depository, its successors and assigns, and shall inure to the benefit of the Treasurer, and his successor and assigns.
11. **Default and Remedies.** The Depository shall be in default of this Agreement upon: failure to place Collateral with the Custodian; failure to repay public funds deposited with the Custodian in accordance with the terms of the deposit; failure to perform any of the material terms of this Agreement; closure, suspension or revocation by any federal or state authority or banking regulators; or any representation, warranty or statement made or furnished to the Treasurer by or on behalf of the Depository proving to have been false in any material respect when made or furnished. In the event of default, the Treasurer shall have all the rights and remedies of a secured party provided for at law or in equity, by NRS chapter 356, NAC chapter 356 or by Nevada law.

12. **Service Fees.** The Depository acknowledges and agrees that the Depository shall compensate the Treasurer for services under this Agreement pursuant to a pro rata assessment as provided for in NRS 356.370. Any service charge or other compensation of any kind or nature whatsoever which is to be paid to the Custodian for the safekeeping of the Collateral as provided for in this Agreement shall be done exclusively by the Depository.
13. **Attorney's Fees.** In the event either party is required to commence any suit or action to enforce the terms of this Agreement, the prevailing party is entitled to recover its reasonable attorney's fees and costs.
14. **Amendments or Modifications.** No alteration, variation, amendment, modification or waiver of any provision of this Agreement or waiver of any right hereunder shall be valid or binding on any party hereto unless it is reduced to writing and is signed by all of the parties.
15. **Governing Law.** This Agreement shall be governed by the laws of the state of Nevada and, whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under said laws; provided, however, if any provision of this Agreement shall be construed to be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions in this Agreement.

IN WITNESS THEREOF, the parties have executed this Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by the undersigned duly authorized officers of the parties hereto.

ACCEPTED:

FOR TREASURER:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

FOR DEPOSITORY:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)